

DISCLAIMER

This electronic version of an SCC order is for informational purposes only and is not an official document of the Commission. An official copy may be obtained from the [Clerk of the Commission, Document Control Center](#).

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 31, 1999

APPLICATION OF

1-800-RECONEX, INC.

CASE NO. PUC980150

For a certificate of public
convenience and necessity
to provide local exchange
telecommunications services

FINAL ORDER

On September 25, 1998, 1-800-RECONEX ("RECONEX" or "Applicant") filed an application for a certificate of public convenience and necessity ("certificate") requesting authority to provide local exchange telecommunications services throughout the Commonwealth of Virginia. On December 9, 1998, RECONEX filed an amendment to that application, and a petition for waiver of certain Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Competition Rules"), 20 VAC 5-400-180.

RECONEX states that it is a non-facilities based reseller that proposes to offer residential customers prepaid, month-by-month local telephone service, which blocks access to toll services, operator services (including collect and third party calls), and directory assistance. RECONEX proposes to provide unlimited local calling, access to 911 emergency services and

1-8xx toll free dialing, without the imposition of credit checks or deposit requirements.

In order to provide this residential prepaid month-by-month service, RECONEX requested waivers of Subsection C 5 and certain provisions of Subsection C 1 of the Competition Rules requiring a new entrant, either directly or through arrangements with others, to provide access to directory assistance (Subsection C 1 d), access to operator services (Subsection C 1 e), equal access to interLATA long distance carriers (Subsection C 1 f), and access to intraLATA services (Subsection C 5) to all local exchange customers. The Applicant further requested a waiver of Subsection D 3 of the Competition Rules limiting the proposed rate for local exchange services provided by the new entrant not to exceed the highest of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local serving areas.

By Order dated February 8, 1999, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to RECONEX's application.

On February 19, 1999, William E. Braun, General Counsel for the Applicant, filed direct testimony to support RECONEX's application for a certificate.

On March 15, 1999, the Staff filed its report finding that the application is in compliance with the Commission's certification requirements of the Competition Rules. In addition, the Staff did not object to RECONEX's request for waivers from specific Commission Rules for its residential monthly prepaid local service, subject to the following conditions: (i) The Applicant shall provide audited financial statements to the Staff no later than one year from the effective date of its initial tariff; (ii) RECONEX shall provide full disclosure to consumers about the services and features RECONEX will and will not furnish to subscribers of its alternative, prepaid, month-by-month local exchange service. Sales brochures and other marketing and advertising materials must prominently disclose that service is restricted to residential end-users and customers will have no access to directory assistance, operator services, long distance, collect and third party calls, or any other pay-for-usage services; (iii) Any waivers granted to RECONEX in this case are limited solely to the residential, prepaid, month-by-month service described in the Applicant's filing; (iv) Any waivers granted to RECONEX for its residential, prepaid, month-by-month local service should be subject to revocation, alteration, or the imposition of additional conditions such as pricing restrictions in the event the Commission subsequently determines the service

is operating improperly or is not in the public interest;

(v) Any subsequent increase in the rate for prepaid month-by-month local service shall be subject to thirty (30) days' notice to the Commission, and notice to customers provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Applicant; (vi) If at any time RECONEX initiates a requirement of customer deposits, any deposits collected by the Applicant shall be retained in an unaffiliated third party escrow account until such time as the Staff or Commission determines is no longer necessary.

A hearing was held on March 23, 1999. RECONEX filed proof of publication and proof of service as required by the February 8, 1999, scheduling order. At the hearing, the application, with accompanying exhibits, the Applicant's prefiled direct testimony, and the Staff Report were entered into the record without objection.

Having considered the application, the Applicant's direct testimony, and the Staff Report, the Commission finds that such application, as well as the requested waivers, should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) 1-800-RECONEX, Inc. is hereby granted a certificate of public convenience and necessity, No. T-439, to provide local

exchange telecommunications services subject to the restrictions set forth in the Competition Rules, § 56-265.4:4 of the Code of Virginia, the provisions of this Order, and the conditions set forth in the Staff Report.

(2) RECONEX shall file tariffs with the Division of Communications that conform with all applicable Commission rules and regulations from which the Company has not been granted a waiver.

(3) This case shall remain open to evaluate RECONEX's residential prepaid, month-by-month local exchange service.